

Message Text

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ACTION EB-08

INFO OCT-01 EA-07 ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 SS-15 STR-04 ITC-01 TRSE-00

USIA-06 PRS-01 SP-02 OMB-01 FEA-01 /082 W

-----080816Z 068524 /17

R 070926Z MAR 77 ZDK

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 6807

C O N F I D E N T I A L MANILA 3348

PASS USDA/FAS

E. O. 11652: GDS

TAGS: EAGR, RP

SUBJECT: SUGAR: GOP PLANS CREATION ORGANIZATION TO FACILITATE
LOADING AND SHIPPING OF SUGAR

REF: MANILA 2714

1. ALTHOUGH DETAILS OF QUANTITY AND TIMING INVOLVED
IN NUMEROUS CONTRACTS NEGOTIATED BY GOP OVER THE PAST TWO
MONTHS REMAIN UNCLEAR, IT NOW APPEARS CERTAIN THAT
PHILIPPINES HAS SOLD MORE SUGAR THAN CAN BE SHIPPED THIS
YEAR (COMMENT: GOP OFFICIAL HAS TOLD EMBOFF THAT CONTRACTS
AMOUNT TO 2.5 MILLION TONS AND HAS INDICATED THAT AVERAGE
PRICE MAY BE IN THE NEIGHBORHOOD OF 8 CENTS PER POUND. END
COMMENT.)

2. PRESIDENT OF PHILIPPINE NATIONAL BANK, PANFILO DOMINGO
ADMITTED SHIPPING PROBLEMS FOR THE FIRST TIME IN A SPEECH
OF FEBRUARY 8 (REPORTED REFTEL). PNB SOURCE HAS TOLD
EMBOFF THAT PHILIPPINE NATIONAL BANK HAS NOW MOVED TO
ESTABLISH A PHILIPPINE (OR "NATIONAL") WAREHOUSING CORP.
WHICH WILL BE FULLY RESPONSIBLE FOR STOCKING, LOADING
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AND ARRANGING SHIPPING FOR PHILIPPINE SUGAR. THE
ORGANIZATION WILL BE HEADED BY MARTIAL BAUTISTA, A
FORMER OFFICIAL IN THE DEPARTMENT OF PUBLIC WORKS WHO
HAS BEEN ACTING AS AN ADVISOR TO THE PNB FOR THEIR
CONSTRUCTION PROJECTS.

3. ALTHOUGH BAUTISTA HAS ALREADY SET UP HIS OFFICE,

THE WAREHOUSING CORPORATION WILL NOT COME INTO EXISTENCE OFFICIALLY UNTIL PRESIDENT MARCOS ISSUES A LETTER OF INSTRUCTION (LOI) ON THE SUBJECT. THE LOI IS EXPECTED SHORTLY, AND WILL GIVE THE WAREHOUSING CORPORATION THE AUTHORITY TO CORRECT TWO KEY BOTTLENECKS IN THE LOADING AND SHIPPING OF SUGAR; 1) THE CORPORATION WILL HAVE AUTHORITY TO ORGANIZE ALL TRAFFIC FROM THE SMALL PRIVATELY-OWNED, DOMESTIC BARGE PORTS WHICH FEED INTO OVERSEAS SUGAR LOADING TERMINALS; 2) THE CORPORATION WILL ALSO BE ABLE TO ORDER DREDGING OF PORTS AND CHANNELS SO THAT BARGE AND SHIPPING TRAFFIC IS NOT RPT NOT HANDICAPPED BY SHALLOW ACCESS TO PORT AND LOADING AREAS AS IS THE CASE AT PRESENT; 3) IN ADDITION, THE CORPORATION WILL BE AUTHORIZED TO DIRECT THAT SUGAR MILLS PROVIDE COVERED STORAGE FOR "AT LEAST" 40 PERCENT OF MILL CAPACITY. THE DECISION HAS REPORTEDLY BEEN MADE TO SHIFT STORAGE RESPONSIBILITIES TO THE MILLS (WHERE, IN FACT, IT RESTS AT PRESET BY DEFAULT) RATHER THAN ATTEMPTING TO BUILD GOVERNMENT-OWNED STORAGE FACILITIES; 4) FINALLY, SOME OF THE STAGING WAREHOUSE FACILITIES FOR THE LOADING DOCKS WILL BE EXPANDED. FOR EXAMPLE, ANOTHER STAGING WAREHOUSE IS PLANNED FOR GUIMARAS, AND THE LARGE PHILIPPINE NATIONAL BANK WAREHOUSE AT PULUPANDAN WILL BE CONNECTED BY A CONVEYOR BELT TO THE NEARBY PRIVATELY-OWNED (ARANETA MILLS) LOADING DOCK.

4. COMMENT: THE AMOUNT OF SUGAR ACTUALLY SHIPPED
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DURING THE COMING MONTHS WILL BE LIMITED BY THE CAPACITY OF PHILIPPINE LOADING DOCKS AND THE ORGANIZATIONAL STRUCTURE NECESSARY FOR MAXIMUM UTILIZATION OF THAT CAPACITY. BOTH THE PHYSICAL LOADING FACILITIES (APRTICULARLY STAGNING WAREHOUSES AND WATER DEPTH) AND MANAGEMENT OF THE LOADING OPERATION ARE DEFICIENT. THE ESTABLISHMENT OF THE PHILIPPINE WAREHOUSING CORPORATION, IF AND WHEN IT ACTUALLY TRANSPIRE, APPEARS TO REPRESENT A REALISTIC ASSESSMENT OF THESE PROBLEMS, AND HOPEFULLY, WILL PROVE A FIRST, AND IMPORTANT STEP TOWARD SOLVING THEM.

SULLIVAN

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Message Attributes

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Copy: SINGLE
Sent Date: 07-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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